UNITED
NATIONS

E

Economic and Social
Council

Distr.
GENERAL

E/C.12/1998/4
19 March 1998

Original: ENGLISH

COMMITTEE ON ECONOMIC, SOCIAL
AND CULTURAL RIGHTS
Eighteenth session
Geneva, 27 April-15 May 1998
Item 7 of the provisional agenda

IMPLEMENTATION OF THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS

DAY OF GENERAL DISCUSSION:

Globalization and its impact on the enjoyment of economic and social rights

Monday, 11 May 1998

Background paper submitted by the International Confederation of Free Trade Unions (ICFTU)

GE.98-15590 (E)

1. In the light of the one-day discussion scheduled for 11 May 1998 on "Globalization and the impact it may have on economic, social and cultural rights", the International Confederation of Free Trade Unions (ICFTU) has prepared the attached assessment of the world economic and social situation which addresses the most fundamental articles of the United Nations Covenant on Economic, Social and Cultural Rights.

I. THE DANGERS OF COMPLACENCY IN THE FACE OF A GLOBAL SOCIAL CRISIS

2. Over the last six months, the meaning of globalization has been brought home to the people of many Asian countries in the most direct and brutal manner. Behind closed doors a few representatives of the international financial institutions and the governments of Asian countries reeling under the impact of a cascading financial crisis have decided the future of hundreds of millions of Asian working women, men and their families. The people who are bearing the burden of the catastrophic mismanagement and corruption that caused the crash not only had no say in the plans that are being made, they do not even know the details of the austerity programmes which are decimating employment and cutting wages. They have no means of calling either their governments or the international institutions to account.

3. There is a crisis of confidence, but more profound than the fears of financiers is the crisis of workers' confidence in globalization and the national and international institutions that should have prevented the events of the last five months. As the ICFTU has warned consistently for years, globalization without a social dimension and without a strong framework of regulation is unstable and creates a major risk of financial speculation ruining the foundations of the real economy and provoking a social and political backlash worldwide. The Asian crisis is not a temporary passing phenomenon that technocrats can fix. It is evidence of the inadequacy of the global governance of global markets.

4. Large-scale and continuing reductions in barriers to international investment and trade coupled with massive technological change have created an integrated world economy. Under pressure to attract investment to create jobs, many developing countries have created export processing zones (EPZs) designed to undermine union rights. But all they attract is investment by footloose transnational companies (TNCs) that specialize in the exploitation of labour and a quick getaway. In many cases governments and the employers collaborate to prevent unions organizing and helping workers to improve their low pay and poor working conditions. Those countries where some progress is being made are vulnerable to a rapid relocation of investment to new EPZs. This destructive competition is creating a trap which holds back the development of more productive employment. Furthermore, especially as a result of the debt crisis and its aftermath, the International Monetary Fund and the World Bank have acquired a leading role in the formulation and implementation of development policies in a large number of countries. The ICFTU and its affiliates have consistently criticized the policies of the IMF (International Monetary Fund) and the World Bank for the absence of an adequate social dimension to their structural adjustment programmes in developing and transition countries.

5. These powerful trends of globalization are having an increasing impact on the lives of working men and women in all regions of the world and have proved disastrous for social development in most countries. Worldwide more than 700 million working men and women are not productively employed, according to the International Labour Office. Social inequality within and between nations is increasing and over one fifth of the world's population survive in conditions of abject poverty. Women constitute a significantly higher proportion of the poor than men and deeply entrenched discrimination against women persists in many countries. Child labour is on the increase worldwide. Yet governments have failed to establish a framework of coordinated policies to ensure that the potential of increased cooperation yields a sustained and balanced improvement in the livelihoods of the bulk of the world's population.

II. INTERNATIONALLY COORDINATED ACTION FOR GROWTH AND DEVELOPMENT

6. Persistent mass unemployment and poverty are an intolerable waste of resources and a dangerous threat to social cohesion and, indeed, peaceful international relations. Governments cannot afford to abdicate responsibility and allow the global economy to be driven by unrestrained competition and the financial markets. A new approach to global economic policy is desperately needed to create more sustainable (both economically and ecologically) growth. We call upon governments and employers to begin discussions with trade unions on a global solidarity pact to eradicate poverty and achieve full, productive and freely-chosen employment worldwide. Based on full respect for trade union and other human rights, governments should seek a partnership with employers and trade unions on local, national, regional and international strategies to handle the challenge of globalization.

7. The World Summit for Social Development held in Copenhagen in March 1995 marked a significant step forward in re-establishing full employment, the eradication of poverty and popular participation as the prime goals of global development policy. Leaders of over 100 countries called for a reorientation of the work of the international community including the IMF and World Bank. The ICFTU therefore calls upon all developing and industrialized governments to develop comprehensive programmes to implement the conclusions of the Copenhagen Summit; ensure effective and well coordinated follow-up by the United Nations system; and undertake a major review of the role of the IMF and the World Bank. The ICFTU calls on industrialized countries governments, in particular, to work together to raise and sustain growth rates and act against exchange rate instability; increase and improve official development assistance (ODA); and end the burden of debt particularly for those least developed countries where basic human rights are now respected.

8. Women are affected by the negative aspects of globalization of the economy more than men. In the global search for cheap labour, either in the EPZs or through subcontracting, women workers and child labour form the bottom line. Women also constitute the majority of the workers in the informal sector of the economy as well as the majority of the workers with atypical working conditions. Attaining true equality for women will require assertive actions to end discrimination and enforce legislation, with implementation of the Platform for Action adopted at the Fourth World Conference on Women, held at Beijing.

9. The ICFTU further calls for the complete elimination of child labour by the end of the UN Decade for poverty eradication in the year 2006. A new global policy on migration is required based on the UN Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, the importance of which has been made all the more clear by the effects of the Asian crisis on migrant workers.

10. Environmental criteria need to be incorporated into decision-making, so as to realize sustainable employment and growth, as well as to reduce environmentally damaging activities. The key to meeting the global targets set in Agenda 21 at the Rio Earth Summit in 1992 is partnership between unions and management at the workplace.

III. REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT FINANCE

11. A faster and more equitable pace of development requires a strengthening of democracy, with international support for policies that respect trade unions and other human rights, reduce military spending and shift resources to investment in education and health and other productive and job-creating activities. By the same token, aid should be denied to those governments that commit persistent and extreme violations of trade unions and other human rights.

12. A full role for the International Labour Organization (ILO) in international economic policy is needed, with closer, institutionalized cooperation between the ILO and the IMF, the World Bank, the World Trade Organization (WTO), the UNDP and other key international development agencies. Implementation of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the Organization for Economic Cooperation and Development Guidelines on Multinational Enterprises must be strengthened.

13. Recovery from the Asian crisis will not begin until fundamental reforms are made to ensure democratic accountability and transparency of both the international financial system and national institutions for the regulation of financial markets. Only then will the priorities of fighting unemployment and poverty have their rightful place before the protection of the interests of multinational companies and the fortunes of the narrow elite who have reaped the benefit of trade and financial liberalization. Governments and the international financial institutions must start urgent talks with the unions to ensure that social assistance and job creation programmes are quickly developed to prevent laid-off workers from falling into long-term unemployment and poverty.

14. The main elements of a new global framework to stop financial manipulation and promote social development in the global market are international action to control speculation; much stronger international control of all financial markets; international coordination of economic and monetary policies; and social dialogue with trade unions, employers and others to build national and international consensus for sustainable development

strategies targeted on eliminating poverty and creating jobs, not the enrichment of a small elite. The only sure foundation for social dialogue and sound economic policy-making is full respect for international human rights.

IV. DEFENDING WORKERS' HUMAN RIGHTS IN THE GLOBAL MARKET

15. The increasing importance of trade for all countries calls for a much closer interaction between trade policy and policies in such fields as labour and social policy, the environment, women's rights, foreign direct investment and business practices. The WTO therefore must adapt to these pressures and increase its collaboration with other agencies, particularly the ILO.

16. The WTO and before it the GATT have recognized the principle that developing countries require preferential treatment to ensure their benefit from international trade, particularly with regard to the least developed countries (LDCs). The ICFTU fully supports this principle, which requires that substantial progress needs to be made in WTO discussion areas of particular interest to developing countries. In particular, the proposal first made by the WTO Director-General at the 1996 Lyon G-7 Summit to remove all tariffs and import quotas on imports from LDCs needs to be implemented by all of the better-off WTO members in the near future.

17. Core labour standards should be one of the primary subjects for inclusion in the future WTO work programme, especially in the context of any new round of trade negotiations. What we seek is recognition that the right of workers to organize freely and bargain with employers is part of the cement of the world trade system. That right will enable workers to improve their conditions as national development, fuelled by increased trade, permits. We seek a commitment to the progressive elimination of child labour as poverty is reduced and education expanded and prosperity rises. We seek a commitment not to use forced labour and a commitment against discrimination in employment against women and other vulnerable groups on the labour market.

18. In an ever more interdependent world, the failure by some governments to observe basic ILO conventions will provoke trade tensions. Ignoring this difficult issue is an invitation to protectionist forces. We believe that the right to trade access confers the responsibility to ensure that basic workers' rights are universally respected. Persistent irresponsible behaviour by a government through the abuse of international workers' rights cannot continue without the right to market access being questioned. The ICFTU wants this issue to be addressed openly and multilaterally by the WTO, working with the assistance of the ILO.

19. We believe it is possible through dialogue and debate to find a way forward that is compatible with the twin objectives of maintaining an open trading system and respecting basic human rights at the workplace. As long as such a debate is not initiated the stability of the world trading system will be slight as it will remain built on extremely fragile foundations. Labour standards must, therefore, be included as one of the subjects for negotiation in the future WTO work programme and in further WTO negotiations.

20. Over recent years much attention has been given to the negotiations at the ILO for a Declaration on Fundamental Workers Rights which could provide

the ILO with stronger follow-up mechanisms in the areas of discrimination, prohibition of forced labour and prohibition of child labour to add to its powers in the area of freedom of association. The June 1998 International Labour Conference should respond to the need for determined action by the ILO to strengthen its means for assuring the full observance of core labour standards. If effective powers can be agreed for the ILO in these areas, it will provide the ILO with an important enhanced authority to contribute to improving basic workers' rights in all countries. At the same time, this potential improvement in the strength of the ILO will not eliminate the need for the WTO to develop its own mechanisms for responding to the various ways in which the respect of core labour standards have an impact on trade policy.

21. In line with the Singapore Declaration, the WTO will need to consider what it should do to reinforce action by the ILO to ensure the universal observance in law and practice of the core conventions. As a first step, Ministers at the WTO should ask the General Council to follow closely developments at the ILO and encourage their colleagues in labour ministries to work for a strong mandate for the ILO on the implementation of core labour standards in all countries. Assuming that the ILO does reach agreement on a declaration and follow-up mechanisms, it will be important for the WTO to request regular information on their outputs.

22. The global market is a powerful mechanism for dynamic development, but it can also lead to the exclusion and marginalization of millions of ordinary citizens who do not have the advantage of wealth or status. It has to be balanced by countervailing powers. The right of workers to organize together to negotiate decent contracts of employment is one of these balancing mechanisms. Democracy and workers' rights go hand in hand and are essential for the establishment of a framework of rules that make the market serve the many rather than the few. The ICFTU's proposals on international workers' rights and trade are an idea whose time has come.